

CLIENT ALERT



Debanking Developments: New Regulatory Scrutiny Coming After Trump Executive Order

OCTOBER 3, 2025

Debanking—when banks close or decline to open customer accounts for proper or allegedly improper reasons—is being subjected to even more regulatory scrutiny.^[1] As we explained in prior articles, President Trump issued a sweeping executive order in August 2024 targeting “politicized or unlawful debanking.”^[2] The order requires regulators to (1) remove reputation risk from guidance documents and regulatory or examination materials, (2) take remedial action against financial institutions with policies or practices requiring or encouraging any such debanking, and (3) review supervisory and complaint data to target financial institutions that engaged in “unlawful debanking on the basis of religion” for referral to the U.S. Attorney General for civil enforcement. The order marked a major shift in the executive branch policy toward debanking.

Since that order was issued, a number of federal regulators have taken concrete steps to implement its directives. First, the Small Business Administration (“SBA”) sent a letter (“Debanking Letter”) on August 26, 2025, to more than 5,000 lenders requiring them to identify all policies or practices relating to “politicized or unlawful debanking” and to identify and remediate any adverse actions taken against previous and potential clients pursuant to those policies.^[3] The SBA ordered these sweeping and somewhat ambiguous mandates to be enacted by December 5.^[4]

Then, the OCC issued two debanking-related bulletins.^[5] This first bulletin clarified how the OCC plans to consider politicized or unlawful debanking in assessing licensing applications and banks’ performance under the Community Reinvestment Act.^[6] The second bulletin instructed banks to review President Trump’s debanking executive order, reminded banks of their obligations under the Right to Financial Privacy Act to protect their customers’ financial records unless disclosure is required by law, and cautioned them not to use voluntary SAR filings as a pretext to improperly disclose customer financial information.^[7]

Most recently, an internal CFPB email directed CFPB enforcement attorneys to review both current and past investigations where the CFPB collected information about why an entity refused to open accounts, froze accounts, or closed accounts.^[8] The CFPB email further instructed its enforcement attorneys to report by October 3 any investigations that produced information and documents about policies and practices related to opening, freezing, or closing accounts in the last five years, with a particular emphasis on any evidence that a financial institution made decisions related to account openings or closures “on the basis of religion, political beliefs, or lawful business activities.” This latest action from the otherwise nearly dormant CFPB highlights the Trump administration’s continued emphasis on debanking.

WHAT YOU NEED TO KNOW

With the Administration's increasing emphasis on allegations of "politicized or unlawful debanking," there are important questions about how debanking enforcement will unfold. For example, despite the CFPB's email, the agency otherwise remains largely inactive under Acting Director Russell Vought. In addition, lingering ambiguities surround the Administration's precise definition of "politicized or unlawful debanking," as emphasized by the America's Credit Unions' September 15 letter to SBA Administrator Kelly Loeffler requesting clarification on the SBA's Debanking Letter.^[9]

Still, it is clear that debanking will remain a significant focus of this Administration. Financial institutions should not wait to prepare for regulatory inquiries relating to debanking, because those inquiries are coming. It is just a matter of when. Among other things, they should ensure their account opening and closing procedures rely on documented, objective, and neutral criteria, and ensure historical de-risking efforts are well documented to show that similarly objective and neutral criteria were used. To the extent prior CFPB investigations related to account opening or closing procedures, or customer due diligence more generally, documenting historical practices, and ensuring those documents are not purged, is even more critical.

We will continue to provide debanking updates as these issues evolve.

If you have any questions regarding this subject or related subjects, or if you need assistance, please contact Jack Knight (Partner and Chair, Financial Services Litigation Practice), Caitlin Mandel (Partner, White Collar & Government Investigations Practice), Patrick Doerr (Partner, White Collar & Government Investigations Practice), or your Winston & Strawn relationship attorney. You can also visit our White Collar & Government Investigations page for more information.

[1] "Debanking" (known historically as "de-risking") occurs when financial institutions close or refuse to open customer accounts, either for permissible reasons (e.g., concerns about money laundering) or for purportedly impermissible reasons (e.g., the customer's political affiliation, religion, or involvement in legal but politically disfavored industries).

[2] Jack Knight, Patrick Doerr & Stephanie Turner, *Untangling 'Debanking' Exec Order And Ensuing Challenges*, Law360 (Aug. 29, 2025), https://www.law360.com/banking/articles/2379809?nl_pk=f47e0d5e-c049-4477-92b6-7ce98d917e83&utm_source=newsletter&utm_medium=email&utm_campaign=banking&utm_content=2025-09-02&read_main=1&nlsidx=0&nlaidx=11.

[3] News Release 25-74, "SBA Orders Lenders to End Practice of Debanking" (Aug. 26, 2025), <https://www.sba.gov/article/2025/08/26/sba-orders-lenders-end-practice-debanking>.

[4] *Id.*

[5] See Jack Knight, Carl Fornaris, Caitlin Mandel, Patrick Doerr & Stephanie Turner, *Debanking Developments: OCC Bulletins Clarify Expectations, but Key Questions Remain*, Winston & Strawn (Sept. 12, 2025), <https://www.winston.com/en/insights-news/debanking-developments-occ-bulletins-clarify-expectations-but-key-questions-remain>.

[6] *Id.*

[7] *Id.*

[8] Evan Weinberger, "CFPB Opens 'Debanking' Probe Even as Employees Remain Sidelined," Bloomberg Law (Oct. 1, 2025), <https://news.bloomberglaw.com/banking-law/cfpb-opens-debanking-probe-even-as-employees-remain-sidelined>.

[9] Letter from America's Credit Unions to Kelly Loeffler (Sept. 16, 2025), <https://americascus.widen.net/view/pdf/b3e079ac-55b1-465d-b6ab-712c2f448fe0/ACU%20Letter%20to%20SBA%20-%20Recommendations%20on%20Debanking%20Request%209.16.25.pdf>.

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